IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

United States Patent No. 5,784,808

Issued: 28 July 1998

Inventor: Stan Hockerson, a U.S. citizen, of Albuquerque, NM

Assignee: Hockerson-Halberstadt, Inc. (a Louisiana corporation)

FOR: "Independent impact suspension athletic shoe"

ATTORNEY DOCKET NO.: A09027US (99413.1)

Petition for Reconsideration under 37 C.F.R. Section 1.378(b)

Mail Stop Petition
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

This is in response to the Decision on Petition dated 23 March 2009.

The Commissioner is respectfully requested to reconsider the decision dated 23 March 2009 and accept late payment of the second maintenance fee, as the entire delay in payment of the second maintenance fee was unavoidable.

Attached are declarations of the inventor (Stan Hockerson), a patent attorney (Richard Backus) who at the time the second maintenance fee was due was responsible for paying maintenance fees in United States Patent No. 5,784,808, the secretary/treasurer (John Halberstadt) of the assignee, and the current U.S. patent attorney (Seth Nehrbass) for the inventor and assignee.

The declarations are believed to be sufficient to show unavoidable delay, the steps taken to ensure timely payment, the date and manner in which the patentee was notified of the expiration of the patent, and the steps taken to file the first petition and this petition for reconsideration timely. Specifically, the delay in payment was due to a docketing error (which, under MPEP Section 2590(I), last paragraph (page 2500-16, Rev. 7, July 2008) is an example of a cause of unavoidable delay), as detailed in the attached declarations. The missed payment was not discovered until around 18

November 2008, and the patent owner and its patent attorneys worked diligently since then until the filing of the first petition to discover whether in fact the payment was missed, the cause of the failure to pay, and gather evidence to show what caused the delay in payment. After receiving the decision on petition, the patent owner and its patent attorneys worked diligently until the filing of this petition for reconsideration to gather additional information required by the Commissioner in the decision dated 23 March 2009 and to prepare this petition for reconsideration.

Hockerson-Halberstadt, Inc. (the assignee of United States Patent No. 5,784,808) and Stan Hockerson (the inventor) treated this patent, and all of their patents, as a reasonable and prudent person would treat his or her most important business. The patents are HHI's and Mr. Hockerson's most important business. All of HHI's income is from patent royalties, and in many years Mr. Hockerson and Mr. Halberstadt make more money in royalty income than from their other business ventures (each owns a retail shoe store or stores).

Hockerson-Halberstadt, Inc. and Mr. Hockerson were aware of the need to pay maintenance fees. As shown by the listing attached to his declaration, Mr. Hockerson is a named inventor in many patent properties. Hockerson-Halberstadt, Inc. and Mr. Hockerson relied on their long-time patent attorney Richard Backus to send them reminders about their maintenance fees. It is respectfully submitted that it was reasonable for them to rely on patent attorney Richard Backus to send them timely reminders. For about 30 years this system worked well, and Mr. Backus's failure to send them a reminder to pay the second maintenance fee in United States Patent No. 5,784,808 was the first time that this system did not work for HHI and Mr. Hockerson.

Patent attorney Richard Backus had what he believed to be a reliable and trustworthy tracking system. He took steps to ensure that the patent information was correctly entered into the tracking system. However, the tracking system somehow failed in relation to the second maintenance fee in United States Patent No. 5,784,808. The source of the failure is not known to Mr. Backus. It is likewise not known to HHI and Mr. Hockerson.

It is respectfully submitted that a docketing error by Mr. Backus, a situation entirely beyond the control of HHI and Mr. Hockerson, was the proximate cause of the lapsing of the patent, as it resulted in Mr. Backus's failure to send them a reminder to pay the second maintenance fee in United States Patent No. 5,784,808. This docketing error, whether caused by a computer error or human error, prevented Mr. Backus from reminding HHI and Mr. Hockerson of the deadline for paying the second maintenance fee, and thus caused the lapsing of United States Patent No. 5,784,808 (please recall that Mr. Hockerson received a reminder about payment of the 4-year maintenance fee from Mr. Backus and authorized payment of the 4-year maintenance fee through Mr. Backus - the 4-year maintenance fee was then paid by Mr. Backus).

Before the docketing error, Mr. Backus always timely sent reminders to Mr. Hockerson, but was unable to do so regarding the 8-year maintenance fee for United States Patent No. 5,784,808 when somehow reminders for this patent were removed/deleted from his docket database. HHI and Mr. Hockerson, with no knowledge of this docketing error, had no reason to check on the status of any of their patents, as Mr. Backus had always served them properly in the past.

The requirement of a showing of unavoidable delay does not mean that there was absolutely nothing that could have been done to avoid the delay, simply that the delay was legally considered to be unavoidable (specifically, that "reasonable care was taken to ensure that the maintenance fee would be paid timely" 37 C.F.R. Section 1.378 (b)(3)). It is respectfully submitted that failure to timely pay a maintenance fee due to a docketing error of a patent owner's patent attorney, when the patent owner had no idea that the error occurred, should be legally considered to be unavoidable delay.

This is not a situation where a patent attorney simply negligently failed to remind a patentee of a deadline because he forgot to send a letter. This is instead a situation where a patent attorney was unable to perform his duty to remind the patentee of the deadline because his docketing database somehow was missing entries regarding the second maintenance fee.

The patent owner could not reasonably be expected to have anticipated the highly improbable risk of a docketing error occurring and to have planned for a backup system to eliminate such risk. This is especially true since the precise cause of the docketing error is still unknown. Just as it is improper to rely on hindsight in determining whether an invention is obvious, it is respectfully submitted that it is improper to rely on hindsight in determining whether a failure to pay a maintenance payment was unavoidable. While the hindsight obtained from an after-the-fact failure analysis may reveal a means of preventing future errors and/or a means that might have prevented the original error, the question is not whether every available means was employed by the patentee to eliminate the possibility of an unintended non-payment of a maintenance fee, but whether "reasonable care was taken to ensure that the maintenance fee would be paid timely" 37 C.F.R. Section 1.378 (b)(3). Here, reasonable care was taken. Despite the exercise of such care and due to circumstances beyond the control of Mr. Hockerson and HHI, a docketing error occurred and the maintenance fee was not timely paid. Under these circumstances, it is respectfully submitted that the untimely payment was, as a matter of law, unavoidable.

It is respectfully submitted that the attached declarations and attachments, along with the prior declarations and attachments, are sufficient to show unavoidable delay, the steps taken to ensure timely payment, the date and manner in which the patentee was notified of the expiration of the patent, and the steps taken to file the petition timely.

Specifically, the attached Declaration of Richard Backus provides additional information about the Mac Panorama Database and why it is a reliable system. Though Mr. Backus is not aware of other patent attorneys using the Mac Panorama Database as a docketing system, that does not mean that others are not so using it, nor does it mean that it is improper for Mr. Backus to use it.

The attached Declaration of Richard Backus explains the process used to enter data into the Mac Panorama Database docketing system, and explains what data integrity and error checks Mr. Backus employs.

The attached Declaration of Richard Backus explains in detail the tests conducted by Mr. Backus himself to verify the completeness and reliability of the data entered into the database (as he explains, he keeps the docket himself).

The attached Declaration of Richard Backus explains how the data entry was accomplished and how the error may have occurred.

While Mr. Backus is unable to say with certainty how the error occurred, the error was the cause of the delay in payment of the second maintenance fee in this patent. As Mr. Backus explains in his declaration, there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance. Also, Mr. Backus, a patent attorney since 1965, conducted the function and routine himself (he was sufficiently trained and experienced). His attached declaration contains comprehensive and exhaustive evidence that supports the contention that a clerical/docketing error resulted in the unavoidable delay in paying the 7.5 year maintenance fee.

The entire delay in paying the second maintenance fee was unavoidable. It is respectfully submitted that HHI and Mr. Hockerson had no reason to make inquiry into the status of the patent. It is respectfully submitted that HHI and Mr. Hockerson had no reason to question Mr. Backus's docketing abilities, as for 30 years he had timely notified them of deadlines while handling their patent matters, and never before this has a deadline been missed. In particular, Mr. Backus was the patent attorney who obtained US Patent No. 4,322,895 for Mr. Hockerson, and maintained the patent until it expired in 1999 at the end of its 20-year-from-filing term. In about 1991, Mr. Backus took over maintenance of US Patent No. 4,259,792 when it was assigned to HHI, and maintained the patent until it expired in 1999 at the end of its 20-year-from-filing term. HHI and Mr. Hockerson had no more reason to check to see if their patents were properly maintained than they would to check to make sure that their CPA properly prepared tax returns. They hired competent professionals to conduct these tasks for them, and before this unfortunate failure to pay a

maintenance fee, Stan Hockerson did not even know how to inquire into the status of a patent (other than by asking Richard Backus, his patent attorney). Please see *California Medical Products v. Tecnol Med. Prod.*, 921 F.Supp. 1219 (D. Del., 1995), where the court, in denying the defendant's request to find that a patent (the payment of whose maintenance fee was found by the Commissioner to be unavoidably delayed) was improperly reinstated by the Commissioner, stated:

> First, Tecnol argues that Garth did not act as a reasonably prudent person in relying upon his counsel, Strauss, to remind him when the maintenance fee was due. *** [However,] a patentee may in fact rely upon counsel to monitor maintenance fee due dates.
>
> Tecnol further contends, however, that Garth was obliged to take independent steps to track the maintenance fee due date because Strauss might have died or stopped practicing law. This argument misconstrues the duty imposed upon a patent holder. If Strauss had ceased representing Garth for some reason, Garth would have been obligated at that time to either familiarize himself with the maintenance fee requirements or retain new counsel, but Garth had no obligation at the outset to plan for every contingency no matter how speculative it might be.

Likewise, it is respectfully submitted that HHI and Mr. Hockerson reasonably relied on Mr. Backus to remind them of the maintenance fee payments and had no duty to inquire into the status of the patent.

The patent in *California Medical Products v. Tecnol Med. Prod.* which was reinstated had lapsed because of a docketing error by the law firm responsible for maintaining the patent. The Commissioner noted that the docketing error was the first of its type for the lawyer and docketing secretary, and found that the docketing error resulted in unavoidable delay of payment of the maintenance fee. Likewise, in the present case, the docketing error was the first of its type for Mr. Backus, and it is respectfully submitted that this docketing error resulted in unavoidable delay of payment of the maintenance fee in the present patent.

Please see also the decision (attached in Adobe, with the file history of the petition as the decision does not describe the history) in United States Patent No. 5,164,623, in which the Commissioner found delay in payment of a maintenance fee to be unavoidable when a patent owner relied on a law firm to remind him of deadlines relating to his patents, and his files without his knowledge were transferred to a different law firm which did not send him reminders.

The case of *Ray v. Commissioner of Patents and Trademarks*, 55 F.3d 606, 34 U.S.P.Q.2D 1786 (Fed. Cir. 1995) is distinguishable from the present situation. In that case, the patent holder apparently moved without giving his patent agent his new address, and thus a notice regarding his patent maintenance fee did not reach him. In the present situation, docket entries for the patent holder second maintenance fee were somehow deleted from the patent owner's patent attorney's docket database, thus preventing the patent attorney from contacting him with reminders. Mr. Hockerson and HHI hired a patent attorney to timely remind him of maintenance fees, this patent attorney performed properly for the first fee in this patent (and in all other situations in all other patent properties of HHI and Mr. Hockerson, prior to July 2006), so HHI and Mr. Hockerson were reasonable to believe that they would be reminded by this patent attorney in the future. Thus, despite the fact that "reasonable care was taken to ensure that the maintenance fee would be paid timely," unforeseen circumstances beyond the control of HHI and Mr. Hockerson prevented that from occurring.

The entire delay in paying the maintenance fee was unavoidable, as the patent owner and its attorneys have been working diligently since discovery of the failure to pay until submission of this renewed petition to gather information and present it to the USPTO, as pointed out in the attached declarations.

It is again respectfully requested that the 8-year maintenance fee be accepted, for the reasons presented above.

Applicant respectfully petitions the Commissioner for any extension of time necessary to

render this paper timely.

The $400 petition fee is being charged to Deposit Account No. 50-0694. Please charge any additional fees due or credit any overpayment to Deposit Account No. 50-0694.

Respectfully submitted,

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